

# **CITY OF BELLE PLAINE, KANSAS**

**Financial Statements  
December 31, 2011**

**with  
Independent Auditors' Report**

CITY OF BELLE PLAINE, KANSAS  
Financial Statements  
December 31, 2011

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**INDEPENDENT AUDITORS' REPORT**

Mayor and City Council  
City of Belle Plaine, Kansas

We have audited the accompanying financial statements of the individual funds of the City of Belle Plaine, Kansas, as of and for the year ended December 31, 2011, as listed in the table of contents. These financial statements are the responsibility of the management of the City of Belle Plaine, Kansas. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Kansas Municipal Audit Guide and auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the City's policy is to prepare its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determined, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Belle Plaine, Kansas as of December 30, 2011, or the changes in its financial position for the year then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of each of the various funds of the City of Belle Plaine, Kansas, as of December 31, 2011, and the revenues received and expenditures paid of such funds for the year then ended on the basis of accounting described in Note 1.

June 3, 2012

*Peterson Peterson + Goss LC*

CITY OF BELLE PLAINE, KANSAS  
Summary of Cash Receipts, Expenditures and Unencumbered Cash  
Year Ended December 31, 2011

<u>Funds</u>	<u>Beginning Unencumbered Cash Balance</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Add Outstanding Encumbrances</u>	<u>Ending Cash Balance</u>
Governmental Funds:						
General	\$ 109,796	\$ 526,358	\$ 600,311	\$ 35,843	\$ 9,739	\$ 45,582
Special Revenue Funds:						
Special Highway	56,517	41,758	34,370	63,905	360	64,265
Employee Benefit	10,851	147,029	145,482	12,398		12,398
Library	3,118	36,205	36,205	3,118		3,118
Capital Improvements	22,724	-	-	22,724		22,724
Sales Tax	107,186	101,631	-	208,817		208,817
Capital Improvement Reserve	107,999	-	13,646	94,353		94,353
Equipment Reserve	18,444	-	-	18,444		18,444
EMS Reserve	17,326	4,000	2,004	19,322		19,322
Capital Projects:						
Northview Heights 2nd Addition	10	22,815	22,825	-		-
Debt Service:						
Bond and Interest	19	24,195	24,195	19		19
Proprietary Funds:						
Sewer Utility	84,398	270,766	276,259	78,905	1,380	80,285
Wastewater Replacement	8,415	-	8,415	-		-
Refuse Utility	98,695	169,638	172,292	96,041	2,172	98,213
Water Utility	57,588	182,245	161,098	78,735	14,982	93,717
Water Reserve	14,000	-	-	14,000		14,000
Special Projects - Water	27,032	18,596	24,195	21,433		21,433
Fiduciary Funds:						
Designated Contributions	928	-	-	928		928
Customer Deposits	15,562	6,034	6,406	15,190		15,190
<b>Total</b>	<b>\$ 760,608</b>	<b>\$ 1,551,270</b>	<b>\$ 1,527,703</b>	<b>\$ 784,175</b>	<b>\$ 28,633</b>	<b>\$ 812,808</b>
Composition of cash:						
The Valley State Bank:						
Regular checking						\$ 815,604
Payroll clearing						(2,796)
Total cash						<u>\$ 812,808</u>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLE PLAINE, KANSAS  
 Summary of Expenditures - Actual and Budget (Budgeted Funds Only)  
 Year Ended December 31, 2011

Funds	Certified Budget	Expenditures Chargeable to Current Year	Variance - Favorable (Unfavorable)
Governmental Funds:			
General	\$ 606,578	\$ 600,311	\$ 6,267
Special Revenue Funds:			
Special Highway	46,950	34,370	12,580
Employee Benefit	147,873	145,482	2,391
Library	37,765	36,205	1,560
Debt Service:			
Bond and Interest	24,195	24,195	-
Proprietary Funds:			
Sewer Utility	298,591	276,259	22,332
Refuse Utility	173,602	172,292	1,310
Water Utility	172,605	161,098	11,507

The notes to the financial statements are an integral part of this statement.

## CITY OF BELLE PLAINE, KANSAS

## General Fund

Statement of Cash Receipts and Expenditures - Actual and Budget  
Year Ended December 31, 2011

	Budget	Actual	Variance - Favorable (Unfavorable)
Cash Receipts:			
Taxes and Shared Revenue:			
Ad valorem property tax	\$ 218,028	\$ 205,193	\$ (12,835)
Delinquent tax	6,500	4,477	(2,023)
Motor vehicle tax	57,107	63,515	6,408
Liquor tax			-
Charges for services	12,000	15,346	3,346
Licenses and permits	3,500	4,894	1,394
Franchise tax	75,000	69,917	(5,083)
Fines and forfeitures	35,000	32,273	(2,727)
Interest	8,000	3,862	(4,138)
Ambulance	70,000	115,242	45,242
Restitution	-	2,400	2,400
Reimbursements	6,400	5,998	(402)
Other	3,000	3,241	241
Total Cash Receipts	494,535	526,358	31,823
Expenditures:			
Administration	96,120	72,544	23,576
Police	242,135	233,805	8,330
Emergency management	-	5,003	(5,003)
EMS	170,200	187,630	(17,430)
Pool	35,875	35,309	566
Parks	14,250	13,664	586
City Council, zoning, building	2,250	1,757	493
Court	22,825	20,177	2,648
Community building	16,700	15,603	1,097
Neighborhood revitalization rebate	6,223	-	6,223
Special assessments	-	6,076	(6,076)
Transfer to Northview Heights 2nd Addition Fund	-	8,743	(8,743)
Total Expenditures	606,578	600,311	6,267
Receipts Over (Under) Expenditures	(112,043)	(73,953)	38,090
Unencumbered Cash, Beginning	112,043	109,796	(2,247)
Unencumbered Cash, Ending	\$ -	\$ 35,843	\$ 35,843

The notes to the financial statements are an integral part of this statement.

CITY OF BELLE PLAINE, KANSAS  
Special Highway Fund  
Statement of Cash Receipts and Expenditures - Actual and Budget  
Year Ended December 31, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Cash Receipts:			
Taxes and Shared Revenue:			
Special city/county highway	\$ 40,000	\$ 41,758	\$ 1,758
Expenditures:			
Personnel services	8,000	7,261	739
Contractual	23,900	2,495	21,405
Commodities	13,050	23,202	(10,152)
Street repair	2,000	1,412	588
Total Expenditures	<u>46,950</u>	<u>34,370</u>	<u>12,580</u>
Receipts Over (Under) Expenditures	(6,950)	7,388	14,338
Unencumbered Cash, Beginning	<u>47,583</u>	<u>56,517</u>	<u>8,934</u>
Unencumbered Cash, Ending	<u><u>\$ 40,633</u></u>	<u><u>\$ 63,905</u></u>	<u><u>\$ 23,272</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLE PLAINE, KANSAS  
Employee Benefit Fund  
Statement of Cash Receipts and Expenditures - Actual and Budget  
Year Ended December 31, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Cash Receipts:			
Taxes and Shared Revenue:			
Ad valorem property tax	\$ 89,628	\$ 84,845	\$ (4,783)
Delinquent tax	1,700	1,060	(640)
Motor vehicle tax	7,215	12,124	4,909
Transfer from Water Utility Fund	26,000	26,000	-
Transfer from Refuse Utility Fund	23,000	23,000	-
Total Cash Receipts	<u>147,543</u>	<u>147,029</u>	<u>(514)</u>
Expenditures:			
KPERS, etc.	55,000	57,943	(2,943)
Health insurance	75,000	75,177	(177)
Insurance	15,500	12,362	3,138
Neighborhood revitalization rebate	2,373	-	2,373
Total Expenditures	<u>147,873</u>	<u>145,482</u>	<u>2,391</u>
Receipts Over (Under) Expenditures	(330)	1,547	1,877
Unencumbered Cash, Beginning	<u>330</u>	<u>10,851</u>	<u>10,521</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ 12,398</u>	<u>\$ 12,398</u>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLE PLAINE, KANSAS  
Library Fund  
Statement of Cash Receipts and Expenditures - Actual and Budget  
Year Ended December 31, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Cash Receipts:			
Taxes and Shared Revenue:			
Ad valorem property tax	\$ 30,624	\$ 28,889	\$ (1,735)
Delinquent tax	600	511	(89)
Motor vehicle tax	5,767	6,805	1,038
Total Cash Receipts	<u>36,991</u>	<u>36,205</u>	<u>(786)</u>
Expenditures:			
Appropriation to Library Board	37,011	36,205	806
Neighborhood revitalization rebate	754	-	754
Total Expenditures	<u>37,765</u>	<u>36,205</u>	<u>1,560</u>
Receipts Over (Under) Expenditures	(774)	-	774
Unencumbered Cash, Beginning	<u>774</u>	<u>3,118</u>	<u>2,344</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ 3,118</u>	<u>\$ 3,118</u>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLE PLAINE, KANSAS  
Capital Improvements Fund  
Statement of Cash Receipts and Expenditures - Actual  
Year Ended December 31, 2011

	<u>Actual</u>
Unencumbered Cash, Beginning	<u>\$ 22,724</u>
Unencumbered Cash, Ending	<u>\$ 22,724</u>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLE PLAINE, KANSAS  
Sales Tax Fund  
Statement of Cash Receipts and Expenditures - Actual  
Year Ended December 31, 2011

	<u>Actual</u>
Cash Receipts:	
City sales tax	<u>\$ 101,631</u>
Receipts Over (Under) Expenditures	101,631
Unencumbered Cash, Beginning	<u>107,186</u>
Unencumbered Cash, Ending	<u><u>\$ 208,817</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLE PLAINE, KANSAS  
Capital Improvement Reserve Fund  
Statement of Cash Receipts and Expenditures - Actual  
Year Ended December 31, 2011

	<u>Actual</u>
Expenditures:	
Capital outlay	<u>\$ 13,646</u>
Receipts Over (Under) Expenditures	(13,646)
Unencumbered Cash, Beginning	<u>107,999</u>
Unencumbered Cash, Ending	<u><u>\$ 94,353</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLE PLAINE, KANSAS  
Equipment Reserve Fund  
Statement of Cash Receipts and Expenditures - Actual  
Year Ended December 31, 2011

	<u>Actual</u>
Unencumbered Cash, Beginning	<u>\$ 18,444</u>
Unencumbered Cash, Ending	<u><u>\$ 18,444</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLE PLAINE, KANSAS  
EMS Reserve Fund  
Statement of Cash Receipts and Expenditures - Actual  
Year Ended December 31, 2011

	<u>Actual</u>
Cash Receipts:	
Sale of ambulance	\$ 4,000
Expenditures:	
Capital outlay	<u>2,004</u>
Receipts Over (Under) Expenditures	1,996
Unencumbered Cash, Beginning	<u>17,326</u>
Unencumbered Cash, Ending	<u><u>\$ 19,322</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLE PLAINE, KANSAS  
 Capital Projects Fund  
 Northview Heights 2nd Addition  
 Statement of Cash Receipts and Expenditures - Actual  
 Year Ended December 31, 2011

	<u>Actual</u>
Cash Receipts:	
Special assessments	\$ 14,072
Transfer from General Fund	8,743
Total Cash Receipts	<u>22,815</u>
Expenditures:	
Special assessments	6,119
Bond principal	7,000
Bond interest	9,706
Total Expenditures	<u>22,825</u>
Receipts Over (Under) Expenditures	(10)
Unencumbered Cash, Beginning	<u>10</u>
Unencumbered Cash, Ending	<u><u>\$ -</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLE PLAINE, KANSAS  
 Bond and Interest Fund  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 Year Ended December 31, 2011

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Cash Receipts:			
Transfer from Special Projects - Water Fund	\$ 24,195	\$ 24,195	\$ -
Expenditures:			
Principal	20,000	20,000	-
Interest	4,195	4,195	-
Total Expenditures	<u>24,195</u>	<u>24,195</u>	<u>-</u>
Receipts Over (Under) Expenditures	-	-	-
Unencumbered Cash, Beginning	<u>8,126</u>	<u>19</u>	<u>(8,107)</u>
Unencumbered Cash, Ending	<u>\$ 8,126</u>	<u>\$ 19</u>	<u>\$ (8,107)</u>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLE PLAINE, KANSAS  
Sewer Utility Fund  
Statement of Cash Receipts and Expenditures - Actual and Budget  
Year Ended December 31, 2011

	Budget	Actual	Variance - Favorable (Unfavorable)
Cash Receipts:			
Sewer service charges and taps	\$ 270,000	\$ 262,351	\$ (7,649)
Transfer from Wastewater Replacement Fund	8,415	8,415	-
Total Cash Receipts	<u>278,415</u>	<u>270,766</u>	<u>(7,649)</u>
Expenditures:			
Personnel services	37,500	30,087	7,413
Contractual services	26,355	12,280	14,075
Commodities	6,600	11,265	(4,665)
Capital outlay	8,000	421	7,579
Medical insurance	10,000	12,589	(2,589)
KPERS	5,700	5,182	518
KDHE loan principal	146,605	146,604	1
KDHE loan interest and commission	57,831	57,831	-
Total Expenditures	<u>298,591</u>	<u>276,259</u>	<u>22,332</u>
Receipts Over (Under) Expenditures	(20,176)	(5,493)	14,683
Unencumbered Cash, Beginning	<u>68,912</u>	<u>84,398</u>	<u>15,486</u>
Unencumbered Cash, Ending	<u>\$ 48,736</u>	<u>\$ 78,905</u>	<u>\$ 30,169</u>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLE PLAINE, KANSAS  
Wastewater Replacement Fund  
Statement of Cash Receipts and Expenditures - Actual  
Year Ended December 31, 2011

	<u>Actual</u>
Expenditures:	
Transfer to Sewer Utility Fund	<u>\$ 8,415</u>
Receipts Over (Under) Expenditures	(8,415)
Unencumbered Cash, Beginning	<u>8,415</u>
Unencumbered Cash, Ending	<u><u>\$ -</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLE PLAINE, KANSAS  
 Refuse Utility Fund  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 Year Ended December 31, 2011

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Cash Receipts:			
Refuse service charges	\$ 165,000	\$ 169,638	\$ 4,638
Expenditures:			
Personnel services	56,000	53,408	2,592
Contractual services	57,595	46,195	11,400
Commodities	12,400	14,812	(2,412)
Medical insurance	16,000	18,559	(2,559)
KPERS	8,532	8,589	(57)
Sales tax	75	19	56
Capital outlay	-	7,710	(7,710)
Transfer to Employee Benefit Fund	23,000	23,000	-
Total Expenditures	<u>173,602</u>	<u>172,292</u>	<u>1,310</u>
Receipts Over (Under) Expenditures	(8,602)	(2,654)	5,948
Unencumbered Cash, Beginning	<u>65,526</u>	<u>98,695</u>	<u>33,169</u>
Unencumbered Cash, Ending	<u><u>\$ 56,924</u></u>	<u><u>\$ 96,041</u></u>	<u><u>\$ 39,117</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLE PLAINE, KANSAS  
 Water Utility Fund  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 Year Ended December 31, 2011

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Cash Receipts:			
Water service charges and other	\$ 170,000	\$ 182,245	\$ 12,245
Expenditures:			
Personnel services	55,000	54,447	553
Contractual services	35,005	13,178	21,827
Commodities	24,600	29,349	(4,749)
Capital outlay	10,000	13,292	(3,292)
Medical insurance	12,500	14,008	(1,508)
KPERS	8,700	10,048	(1,348)
Sales tax	800	776	24
Transfer to Employee Benefit Fund	26,000	26,000	-
Total Expenditures	<u>172,605</u>	<u>161,098</u>	<u>11,507</u>
Receipts Over (Under) Expenditures	(2,605)	21,147	23,752
Unencumbered Cash, Beginning	<u>24,202</u>	<u>57,588</u>	<u>33,386</u>
Unencumbered Cash, Ending	<u>\$ 21,597</u>	<u>\$ 78,735</u>	<u>\$ 57,138</u>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLE PLAINE, KANSAS  
Water Reserve Fund  
Statement of Cash Receipts and Expenditures - Actual  
Year Ended December 31, 2011

	<u>Actual</u>
Unencumbered Cash, Beginning	<u>\$ 14,000</u>
Unencumbered Cash, Ending	<u><u>\$ 14,000</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLE PLAINE, KANSAS  
Special Projects - Water Fund  
Statement of Cash Receipts and Expenditures - Actual  
Year Ended December 31, 2011

	<u>Actual</u>
Cash Receipts:	
Charges	\$ 18,596
Expenditures:	
Transfer to Bond and Interest Fund	<u>24,195</u>
Receipts Over (Under) Expenditures	(5,599)
Unencumbered Cash, Beginning	<u>27,032</u>
Unencumbered Cash, Ending	<u><u>\$ 21,433</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLE PLAINE, KANSAS  
Designated Contributions Fund  
Statement of Cash Receipts and Expenditures - Actual  
Year Ended December 31, 2011

	<u>Actual</u>
Unencumbered Cash, Beginning	<u>\$ 928</u>
Unencumbered Cash, Ending	<u><u>\$ 928</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLE PLAINE, KANSAS  
Customer Deposits Fund  
Statement of Cash Receipts and Expenditures - Actual  
Year Ended December 31, 2011

	<u>Actual</u>
Cash Receipts:	
Deposits	\$ 6,034
Expenditures:	
Deposits paid or applied	<u>6,406</u>
Receipts Over (Under) Expenditures	(372)
Unencumbered Cash, Beginning	<u>15,562</u>
Unencumbered Cash, Ending	<u><u>\$ 15,190</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLE PLAINE, KANSAS  
Notes to Financial Statements  
December 31, 2011

1. Summary of Significant Accounting Policies

This summary of significant accounting policies of the City of Belle Plaine, Kansas (the City) is presented to assist in understanding the City's financial statements. The financial statements and notes are representations of the City's management, who is responsible for their integrity and objectivity. These accounting policies conform to a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Reporting Entity

The City of Belle Plaine is a municipal corporation governed by an elected mayor and council. These financial statements present the City of Belle Plaine (the primary government) but do not include its component unit, The Library Board. The component unit is not included in the City's report because of the insignificance of its financial relationship with the City.

Basis of Presentation

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of the City of Belle Plaine, Kansas for the year 2011:

Governmental Funds:

General Fund – to account for all unrestricted resources except those required to be accounted for in another fund.

Special Revenue Funds – to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are restricted by law or administrative action to expenditures for specified purposes.

Capital Projects Fund - to account for financial resources segregated for the acquisition of major capital facilities (other than those financed by Enterprise Funds).

Debt Service Fund – to account for the accumulation of resources for, and the payment of, interest and principal on general long-term debt.

CITY OF BELLE PLAINE, KANSAS  
Notes to Financial Statements  
December 31, 2011

1. Summary of Significant Accounting Policies (continued)

Proprietary Funds:

Enterprise Funds – to account for operations that are financed and operated in a manner similar to a private business enterprise, where the stated intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where periodic determination of revenues earned, expenses incurred, and/or net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Fiduciary Funds:

Trust Funds – to account for assets held by a governmental unit in a trustee capacity for others.

Basis of Accounting

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances, but do not include depreciation of capital assets. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure is recorded in the fund from which the transfer is made.

Departure from Accounting Principles Generally Accepted in the United States of America

The basis of accounting described above results in a financial statement presentation, which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year-end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the City are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes, capital leases and compensated absences are not presented as liabilities in the financial statements.

CITY OF BELLE PLAINE, KANSAS  
Notes to Financial Statements  
December 31, 2011

1. Summary of Significant Accounting Policies (continued)

Subsequent Events

Subsequent events have been evaluated through June 3, 2012, which is the date the financial statements were available to be issued. Events requiring disclosure were identified and disclosed.

2. Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1<sup>st</sup>.
2. Publication in local newspaper on or before August 5<sup>th</sup> of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15<sup>th</sup>, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25<sup>th</sup>.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each budgeted fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

CITY OF BELLE PLAINE, KANSAS  
Notes to Financial Statements  
December 31, 2011

2. Budgetary Information (continued)

A legal external operating budget is not required for capital project funds, trust funds and certain special revenue funds. Spending in funds which are not subject to the external annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

3. Deposits

At year-end the carrying amount of the City's deposits was \$815,604. The bank statement balances were \$827,002. The difference between the carrying amount and the bank balance is outstanding checks and deposits in transit. Of the bank balance, \$250,000 was covered by FDIC insurance and the remaining \$577,002 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the City's name. The third-party bank holding the pledged securities is independent of the pledging bank. The pledged securities are held under a tri-party custodial agreement signed by all three parties: the City, the pledging bank, and the independent third-party bank holding the pledged securities.

4. Interfund Transfers

Operating transfers were as follows:

<u>From</u>	<u>To</u>	<u>Amount</u>
General Fund	Northview Heights 2 <sup>nd</sup> Addition Fund	\$ 8,743
Special Projects - Water Fund	Bond and Interest Fund	24,195
Water Utility Fund	Employee Benefits Fund	26,000
Refuse Utility Fund	Employee Benefits Fund	23,000
Wastewater Reserve Fund	Sewer Utility Fund	8,415

5. Compliance with Kansas Statutes

Management is not aware of any statutory violations for the period.

6. Defined Benefit Pension Plan

*Plan Description.* The City of Belle Plaine contributes to the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas, Suite 100; Topeka, KS 66603) or by calling 1-888-275-5737.

## CITY OF BELLE PLAINE, KANSAS

### Notes to Financial Statements

December 31, 2011

#### 6. Defined Benefit Pension Plan (continued)

*Funding Policy.* K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% (Tier 1) and 6% (Tier 2) of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve bases. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The employer rate established by statutes for 1/01/11 to 12/31/11 is 7.74%. The City of Belle Plaine employer contributions to KPERS for the years ending December 31, 2011, 2010 and 2009 were \$28,066, \$25,754 and \$17,545, respectively, equal to the required contributions for each year.

#### 7. Compensated Absences

The City's policy regarding vacation and sick leave was revised to a paid time off policy in June 2009. The current policy requires all converted vacation and sick leave to paid time off be used prior to December 1, 2010. The employees will then only be able to carry over one week or request a buyout of that week and lose the rest of the accumulated paid time off. They will earn paid time off each year based on years of service to the city. The estimated liability at December 31, 2011 if all employees with accumulated paid time off were to terminate employment would be \$962.

#### 8. Risk Management

The City manages risk primarily through the purchase of insurance coverage from commercial insurers.

#### 9. Special Assessments

Projects, financed in part by special assessments, are financed through general obligation bonds of the City and are retired from the Debt Service Fund. Special assessments paid prior to the issuance of the bonds are recorded as revenue in the appropriate project account. Special assessments received after the issuance of bonds are recorded as revenue in the Debt Service Fund.

#### 10. Long-term Debt

Changes in long-term debt for year ended December 31, 2011 along with associated future maturities are as follows:

## CITY OF BELLE PLAINE, KANSAS

## Notes to Financial Statements

Year Ended December 31, 2011

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
<b>General Obligation Bonds:</b>										
Series 2005 - Refunding	3.81%	3/1/2005	\$ 225,000	12/1/2016	\$ 105,000	\$ -	\$ 20,000	\$ -	\$ 85,000	\$ 4,195
Series 2009	1.75% - 5.5%	2/20/2009	230,000	3/1/2029	223,000	-	7,000	-	216,000	9,706
Total General Obligation Bonds					328,000	-	27,000	-	301,000	13,901
<b>Revolving Loan Program:</b>										
KDHE Construction Loan	3.44%	1999-2002	3,111,220	3/1/2021	1,717,456	-	146,604	-	1,570,852	57,831
<b>Capital Leases:</b>										
Police Station	5.00%	4/1/2005	100,000	4/1/2015	56,069	-	10,147	-	45,922	2,803
2007 Dodge Police Car	6.25%	8/27/2007	23,628	8/27/2012	10,318	-	5,003	-	5,315	645
2009 Dodge Police Car	4.00%	3/6/2009	24,866	12/12/2013	15,363	-	4,921	-	10,442	615
Office Copier	0.00%	4/1/2009	7,581	3/31/2014	4,928	-	1,516	-	3,412	-
EMS Copier	0.00%	1/1/2009	872	12/31/2011	290	-	290	-	-	-
Total Capital Leases					86,968	-	21,877	-	65,091	4,063
Total Contractual Indebtedness					2,132,424	-	195,481	-	1,936,943	75,795
Compensated Absences	N/A	N/A	N/A	N/A	1,939	-	-	(977)	962	-
Total Long-term Debt					\$ 2,134,363	\$ -	\$ 195,481	\$ (977)	\$ 1,937,905	\$ 75,795

## Schedule of Maturities of Contractual Indebtedness

	2012	2013	2014	2015	2016	2017-2021	2022-2026	2027-2031	Total
<b>Principal</b>									
General obligation bonds	\$ 23,000	\$ 28,000	\$ 23,000	\$ 24,000	\$ 29,000	\$ 54,000	\$ 69,000	\$ 51,000	\$ 301,000
Revolving loan program	151,691	156,954	162,399	168,034	173,864	757,910	-	-	1,570,852
Capital leases	22,600	18,031	12,126	12,334	-	-	-	-	65,091
Total Principal	\$ 197,291	\$ 202,985	\$ 197,525	\$ 204,368	\$ 202,864	\$ 811,910	\$ 69,000	\$ 51,000	\$ 1,936,943
<b>Interest</b>									
General obligation bonds	\$ 13,010	\$ 12,237	\$ 11,215	\$ 10,343	\$ 9,418	\$ 36,908	\$ 22,812	\$ 4,276	\$ 120,219
Revolving loan program	52,744	47,481	42,035	36,401	30,132	60,267	-	-	269,060
Capital leases	3,051	1,973	1,204	617	-	-	-	-	6,845
Total Interest	\$ 68,805	\$ 61,691	\$ 54,454	\$ 47,361	\$ 39,550	\$ 97,175	\$ 22,812	\$ 4,276	\$ 396,124